

IS YOUR WORKER AN Employee? or an Independent Contractor?

The program is most effective when your company is successful and you are hiring Utah's skilled workforce.

THE UNEMPLOYMENT INSURANCE PROGRAM PLAYS A VITAL ROLE in keeping Utah's economy strong and maintaining a skilled local workforce. Funded entirely by employer contributions, we provide temporary partial income-replacement assistance to qualified individuals as they seek new work. When an employee is misclassified as an independent contractor, it hurts law-abiding business owners

who don't get to compete on a level playing field and it denies workers the benefits and protections (such as unemployment insurance) for which they may be eligible. During the past year, we found that **83% of Utah business owners audited complied** with state law in treating and reporting their workers as employees for state unemployment insurance coverage.

Pervasive myths about misclassifying employees as independent contractors:



MYTH: A 1099 tax form is issued by the business owner and this makes the worker an independent contractor.



MYTH: Having a worker sign an independent contractor agreement makes the worker an independent contractor.



MYTH: If a worker is not on payroll, they are not an employee.

MYTH: The business owner wants the worker to be an independent contractor, so that means the worker cannot be an employee.



MYTH: Anyone who teleworks or works off-site is an independent contractor.



MYTH: The worker has been an independent contractor for years; this means the person will continue to be an independent contractor.

MYTH: The worker is an independent contractor because it is an established practice in my industry to classify this type of worker as an independent contractor.



MYTH: If my worker is an independent contractor under one law, the worker is an independent contractor under other laws.



Utah law — by default — considers all workers to be employees for the purposes of unemployment insurance, unless exempt by law or the company shows the worker is an independent contractor. To do this, the company must clearly establish that the worker was independently established and free from control or direction by the company. [Reference Utah Employment Security Act 35A-4-204(a) and (b) and Utah Administrative Code, R994-204-301, 302 and 303.]

For additional questions go to jobs.utah.gov or call 801-526-9577.

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